

Message Text

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PAGE 01 STATE 001855

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L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

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E.O. 11652: N/A

TAGS: ETRD, KS

SUBJECT: COUNTERVAILING DUTY INVESTIGATION -- FOOTWEAR
FROM KOREA

REF: STATE 154263 6/30/75, STATE 161262 7/9/75,
STATE 162263 7/10/75

1. TREASURY ASSISTANT SECRETARY DAVID R. MACDONALD
ANNOUNCED ON JANUARY 5 THAT, WHILE THE FINAL DETERMINATION
IN THE COUNTERVAILING DUTY INVESTIGATION OF FOOTWEAR FROM
KOREA WAS THAT BOUNTIES OR GRANTS WERE BEING PAID, TREASURY
WOULD WAIVE IMPOSITION OF COUNTERVAILING DUTIES ON KOREAN
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PAGE 02 STATE 001855

RUBBER FOOTWEAR UNDER THE TEMPORARY WAIVER PROVISIONS OF

THE TRADE ACT OF 1974. THE TRADE ACT DOES NOT RPT NOT
PERMIT WAIVERS OF COUNTERVAILING DUTIES ON LEATHER FOOT-
WEAR.

2. THE COUNTERVAILING DUTY TO BE ASSESSED ON LEATHER
FOOTWEAR FROM KOREA IS .7 RPT POINT 7 PERCENT. IN
1974, THE U.S. IMPORTED 82.1 MILLION DOLLARS IN RUBBER
FOOTWEAR AND 23.5 MILLION DOLLARS IN LEATHER FOOTWEAR
FROM KOREA.

3. THE KOREAN DETERMINATION AND WAIVER WAS ONE OF THIRTEEN

COUNTERVAILING DUTY DETERMINATIONS MADE PUBLIC ON JANUARY

5. THE KOREAN EMBASSY WAS INFORMED TODAY AND PUBLICATION
OF THE NOTICES WILL BE IN THE FEDERAL REGISTER OF JANUARY

7. THE TEXT OF THE PRESS RELEASE WILL BE SENT SEPTTEL.

4. DURING THE PRESS CONFERENCE, ASSISTANT SECRETARY
MACDONALD EXPLAINED THAT THE KOREAN GOVERNMENT HAD DIS-
MANTLED 80 PERCENT OF ITS SUBSIDY PROGRAMS BUT THAT THE
REMAINING SUBSIDY COULD NOT BE CONSIDERED DE MINIMIS UNDER
U.S. LAW. HOWEVER, THE ACTIONS OF THE ROKG FULFILLED THE
FIRST REQUIREMENT FOR A WAIVER, NAMELY THE ELIMINATION OR
REDUCTION OF THE ADVERSE EFFECTS OF THE BOUNTIES OR GRANTS
IN QUESTION. THE OTHER TWO REQUIREMENTS FOR A WAIVER ARE
THAT 1) PROGRESS IS BEING MADE IN THE NEGOTIATION OF AN
INTERNATIONAL AGREEMENT CONCERNING BARRIERS TO TRADE AND
2) THAT IMPOSITION OF COUNTERVAILING DUTIES WOULD
JEOPARDIZE THE SUCCESS OF THIS NEGOTIATION. AUTHORITY FOR
THE WAIVER EXTENDS TO JANUARY 3, 1979.

5. IN DISCUSSING THIS DECISION WITH THE ROKG, EMBASSY
MAY EMPHASIZE TREASURY'S USE OF THE LIMITED FLEXIBILITY
OPEN TO IT UNDER THE TRADE ACT OF 1974. KISSINGER

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